

Message Text

PAGE 01 BRUSSE 00142 02 OF 02 091812Z
ACTION EUR-12

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-----091820Z 089666 /53

P 091447Z MAR 77
FM USDELMC BRUSSELS BE
RUEKJCS/JCS WASHDC
INFO USRMCLO WASHDC
SECSTATE WASHDC 0000
SECDEF WASHDC
DIA WASHDC
USNMR SHAPE
USCINCEUR VAIHINGEN GE
USDOCOSOUTH NAPLES IT
CINCLANT NORVA
USLOSACLANT NORVA
USMISSION NATO BRUSSELS BE

C O N F I D E N T I A L SECTION 2 OF 2 USDEL 142/77. FOR CHAIRMAN.
USNMR FOR GENERAL HAIG. USCINCEUR FOR GENERAL HUYSER. USDOCOSOUTH
FOR LTG MCALISTER. USLOSACLANT/CINCLANT FOR ADMIRAL KIDD.
B. SOME REAL IMPROVEMENTS IN DEFENSE EXPENDITURES ACTUALLY
OCCURRED DURING THE PERIOD 1973-76 ABOVE THE INFLATION CORRECTIONS.
INCREASES IN DEFENSE EXPENDITURES COMPARED TO THE OECD AND EC
INFLATION RATES WERE: 1973-74 (25 PERCENT INCREASE VS 10.3
PERCENT), 1974-75 (13.5 PERCENT INCREASE VS 12.6 PERCENT), 1975-76
(14.2 PERCENT INCREASE VS 9.0 PERCENT).
C. THERE WILL BE NO CHANGE IN FORCE GOALS: (1) FIVE ARMORED
INFANTRY BRIGADES WILL BE CONTINUED. CENTURION TANKS WILL BE
RETAINED FOR USE WITH LOCAL DEFENSE BATTALIONS WHEN LEOPARD TANKS
REPLACE THE CENTURIONS IN MAIN UNITS. THIS WILL BE A 50 PCT IN-
CREASE IN TANKS. (2) MARITIME CAPABILITIES WILL INCREASE WITH
THE PROVISION OF FISHERY CONTROL VESSELS TO INCLUDE: 5 SHIPS
WITH OCEAN ESCORT CAPABILITY, 5 MEDIUM ENDURANCE CUTTERS, 9
CUTTERS, PLUS HELICOPTERS. (3) THE AIR FORCE WILL CONTAIN 116
AIRCRAFT AND 8 SAM SQUADRONS. (4) PEACETIME FORCES WILL CONSIST
OF 76 PCT REGULARS AND 24 PCT CONSCRIPTS.
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PAGE 02 BRUSSE 00142 02 OF 02 091812Z

D. IT WAS POINTED OUT THAT THE CHOD HAS THE AUTHORITY (WITH
POLITICAL AGREEMENT) TO TRANSFER FUNDS FROM THE OPERATIONAL BUDGET
TO CAPITAL INVESTMENT. THIS AUTHORITY HAS BEEN USED DURING THE
LAST FOUR YEARS TO INCREASE MAJOR EQUIPMENT NEEDS.
E. INDICATIVE OF HOW THE BUDGET INCREASES ARE TO BE APPLIED
IS THE EXAMPLE FOR THE 1980-81 BUDGET. WITH A BASELINE BUDGET
(1973) OF 5547 MILLION DOLLAR PER YEAR, CONSCRIPT PAY INCREASES
RAISE THE BUDGET 5860, HOME GUARD INCREASES RAISE THE BUDGET TO
5868, FISHERY ZONE INCREASES RAISE THE BUDGET TO 5983 (AND WITH
THE INCREASES DUE TO NATO DEFINITION FOR EXPENDITURES, THE

BUDGET WOULD REFLECT 6176).

T.(C) CMC THANKED CHOD, DENMARK FOR THE COMPREHENSIVE BRIEFING AND NOTED THAT THE INFLATION-PROOF NATURE OF THE BUDEGET IS A GOOD EXAMPLE FOR OTHERS TO FOLLOW, AND ASKED IF THERE WERE ANY QUESTIONS.

A. NE MILREP STATED HE WAS GRATEFUL FOR THE GOOD NEWS AND ASKED IF PARLIAMENT WAS EXPECTED TO HAVE MAJOR DISCUSSIONS ON THE BUDGET YEARLY DURING THE FOUR YEAR AGREEMENT. CHOD, DENMARK REPLIED THAT THE AGREEMENT CAN NOT BE CHANGED DURING THE FOUR YEARS UNLESS ALL PARTIES TO THE AGREEMENT ALL AGREE; CORRECTIONS FOR INFLATION WILL BE AUTOMATIC; AND CHOD CAN MOVE MONEY AROUND IN THE BAG GIVEN HIM.

B. UK MILREP THANKED CHOD, DENMARK FOR THE BRIEFING AND ASKED WHAT YARDSTICKS WILL BE TAKEN DURING THE DEBATE IN PARLIAMENT - PCT GNP, PER CAPITA EXPENDITURES, ETC. CHOD, DENMARK REPLIED THAT WHAT THE ECONOMY WILL DO IS NOT KNOWN BY PCT GNP ON DEFENSE EXPENDITURES WOULD AUTOMATICALLY GO UP IF THE ECONOMY GOES DOWN. PER CAPITA FIGURE WILL GO UP; RANKING AMONG NATO NATIONS IS ABOUT AVERAGE AND MAY GO UP.

C. US MILREP STATED THAT HE WAS GRATEFUL FOR CHOD COMING HERE; THE PLAN IS NOT JUST A DAMAGE-LIMITING EXERCISE, BUT CONTAINS SOME PLUSES; AND ASKED WHAT DOES THE PLAN REPRESENT FOR ACCOMPLISHMENT OF FORCE GOALS. CHOD, DENMARK USED A CHART ON MARITIME FORCE GOALS TO ILLUSTRATE THAT MOST, BUT NOT ALL, FORCE GOALS WILL BE ACCOMPLISHED, E.G., ONLY 16 OF 18 FAST PATROL BOATS, 43 OF 60 HELICOPTERS, BUT ALL 5 FRIGATES AND ALL 3 COASTAL MINELAYERS. CONFIDENTIAL

PAGE 03 BRUSSE 00142 02 OF 02 091812Z

D. CMC ASKED FOR MORE DETAILS ON RESERVIST TRAINING. CHOD, DENMARK REPLIED THAT MOBILIZATION FORCES INCLUDE 41,000 FOR FIELD ARMY AND 24,000 FOR LOCAL DEFENSE. CONSCRIPTS WILL BE IN THE MOBILIZATION FORCES FOR ABOUT SIX YEARS AFTER COMPLETING NINE MONTHS TRAINING, AND WILL BE CALLED UP ABOUT TWO TIMES FOR TRAINING DURING THIS PERIOD. THIS IS NOT ALL WE WANT, BUT IS BEST WE CAN DO.

6.(C) CMC THANKED CHOD, DENMARK AND STATED THAT DANISH ECONOMIC PROBLEMS ARE UNDERSTOOD BY ALL. COMING UP WITH AN INFLATION-PROOF PROGRAM WITH A 6 PCT INCREASE OVER FOUR YEARS IS NOT A BAD ACHIEVEMENT. THE MC WILL PRESENT THEIR INITIAL IMPRESSION VICE ASSESSMENT BY THE END OF NEXT WEEK. CMC'S PERSONAL VIEW IS POSITIVE. CHOD HAS UNUSUAL RESPONSIBILITIES FOR DEFENSE, AND CHOD PROPOSALS TO PARLIAMENT IS WHAT THIS IS ABOUT. THE MC IS GRATEFUL FOR WHAT HAS BEEN DONE.

7.(U) FYI: CHOD BRIEFING WILL NOT BE DISTRIBUTED BY THE DAN MILREP.

GDS-83

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